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SENATE

{ REPORT
106-115

ARIZONA NATIONAL FOREST IMPROVEMENT ACT OF 1999

JULY 21, 1999.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 1088]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 1088) to authorize the Secretary of Agriculture to convey certain administrative sites in national forests in the State of Arizona, to convey certain land to the City of Sedona, Arizona for a wastewater treatment facility, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE MEASURE

The purpose of S. 1088 is to authorize the Secretary of Agriculture to convey six Forest Service administrative sites in Arizona, and to sell land for an amount equal to the fair market value to the city of Sedona, Arizona. The bill authorizes proceeds from these conveyances to be used to fund improvements to administrative facilities and acquire other land in Arizona to be added to the National Forest System.

BACKGROUND AND NEED

S. 1088 authorizes the Secretary of Agriculture to convey six unmanageable, undesirable or excess National Forest administrative sites in the Prescott, Tonto, Kaibab and Coconino National Forests (Camp Verde Administrative Site, a portion of the Cave Creek Administrative Site, the Fredonia Duplex and Housing Site, the Groom Creek Administrative Site, the Payson Administrative Site, and the Sedona Administrative Site). The bill also allows the Secretary to sell to the city of Sedona, Arizona, at fair market value,

approximately 300 acres of land for construction of an effluent disposal system.

The bill authorizes the Forest Service to use the proceeds from five of these conveyances to either fund new construction or upgrade current administrative facilities in four national forests in Arizona. The forest Service is to use the proceeds from the other sale and the city of Sedona purchase, to fund acquisition of sites, or construction of administrative facilities for national forests in Arizona, or for the acquisition of other parcels of land in Arizona. Land conveyances completed pursuant to the authority granted in this bill are to be done in accordance with all applicable laws, including environmental laws.

This bill will enhance customer and administrative services by allowing the Forest Service to consolidate and update facilities or relocate facilities to more convenient locations. This bill will also facilitate the construction of a much needed wastewater treatment plant for the city of Sedona.

LEGISLATIVE HISTORY

S. 1088 was introduced by Senator Kyl on May 20, 1999. The Subcommittee on Forests and Public Land Management held a hearing on S. 1088 on June 23, 1999. At the business meeting on June 30, 1999, the Committee on Energy and Natural Resources ordered S. 1088 favorably reported.

COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on June 30, 1999, by a voice vote of a quorum present, recommends that the Senate pass S. 1088, without amendment.

SECTION-BY-SECTION ANALYSIS

Section 1 designates the bill's short title as the "Arizona National Forest Improvement Act of 1999."

Section 2 defines terms used in the bill.

Section 3 identifies the six National Forest System administrative sites which may be sold or exchanged and contains consideration, equalization, solicitation and revocation provisions.

Section 4(a) authorizes the Secretary to sell approximately 300 acres for the purpose of an effluent disposal system.

Subsection (b) requires the legal description to be available at the Office of the Chief of the Forest Service.

Subsection (c)(1) directs the city to pay fair market value for the land, as determined by an acceptable appraisal.

Paragraph (2) requires the city to pay the cost of the appraisal.

Paragraph (3) allows the city to make payment, at the option of the city—

(A) in full no later than 180 days after conveyance; or

(B) in 7 equal annual installments beginning no later than January 1 of the year following conveyance.

Paragraph (4) mandates that interest will accrue beginning on the date of conveyance at a rate equal to marketable obligations of the United States of one year maturity as of that date.

Subsection (d) requires, subject to environmental compliance prior to the conveyance, the city to agree in writing to hold the United States harmless from any claims to the land, including claims resulting from hazardous materials on the land.

Subsection (e) subjects the land to a right of reentry by the United States at any time before full payment is made if the Secretary determines that the city has not complied with requirements of the section or conditions of the deed, or the conveyed land is not used for effluent disposal purposes or construction of a disposal system.

Section 5 describes the disposition of the proceeds of the land conveyances authorized by this bill, and what uses are authorized for those proceeds.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 19, 1999.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN. The Congressional Budget Office has prepared the enclosed cost estimate for S. 1088, the Arizona National Forest Improvement Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Victoria Heid Hall (for federal costs) and Marjorie Miller (for the state and local impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

S. 1088—Arizona National Forest Improvement Act of 1999

Summary: S. 1088 would authorize the Secretary of Agriculture to sell or exchange about 858 acres of land and administrative sites in the National Forest System and to acquire other land and administrative facilities through purchase or exchange.

CBO estimates that enacting S. 1088 would result in outlay savings of about \$8 million in 2000, but that amount would be offset by costs in subsequent years for a net increase in outlays of \$3 million over the 2000–2009 period. Because enacting the bill would affect direct spending, pay-as-you-go procedures would apply. S. 1088 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The city of Sedona would incur some costs as a result of the bill's enactment, but these costs would be voluntary. The bill would have no significant impact on the budgets of other local governments or on state and tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 1088 is shown in the following table. the costs

of this legislation fall within budget function 300 (natural resources and the environment).

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
CHANGES IN DIRECT SPENDING						
Estimated budget authority	0	— 4	1	1	1	1
Estimated outlays	0	— 8	(¹)	2	4	2

¹ Less than \$500,000.

Basis of estimate: Section 3 of the bill would authorize the Secretary of Agriculture to sell or exchange about 558 acres within several national forests in Arizona that are currently used as administrative sites. The bill would authorize the Secretary to either accept cash equalization payments that exceed 25 percent of the value of the sites or acquire existing or future administrative facilities and improvements in exchange for the sites. Any proceeds from sale or exchange of the sites would be available for the construction or improvement of offices or other administrative buildings for four national forests in Arizona: Coconino, Kaibab, Prescott, and Tonto.

Based on information from the Forest Service, CBO estimates that enacting section 3 would result in additional offsetting receipts from the sale of the federal administrative sites of about \$11 million over the 200–2002 period. Under the bill, the Forest Service could spend such receipts, without further appropriation, to construct or improve other facilities on federal land. Such spending would likely occur over fiscal years 2000 through 2005.

Section 4 would authorize the Secretary to sell about 300 acres of property to the city of Sedona, Arizona, to build a sewage disposal system. CBO estimates that this sale would result in additional offsetting receipts of about \$6 million. Because the city has a permit to use about 250 acres of this land under current law, selling the land to the city would also result in foregone permit fees totaling less than \$250,000 each year. Proceeds from the sale would be available to the Secretary to acquire land elsewhere in the state of Arizona. CBO estimates that these sums would be spent over the 2000–2007 period.

Section 4 would authorize the city to pay the Secretary in either a lump sum amount or seven equal annual installments, including interest. Allowing the city to pay for the land to be conveyed under section 4 in installments would constitute a loan, and this authority would therefore be subject to the provisions of the Federal Credit Reform Act of 1990. Under those provisions, the costs of loans are recorded in the budget on a net present value or “subsidy” basis. We estimate that the loan stemming from section 4 would have a subsidy cost of less than \$1 million, reflecting both the risk of a default by the city and the cost to the government of providing payment terms based on an interest rate that is lower than the government’s cost of money for the loan period. Specifically, the bill states that interest should be charged at the rate for a one-year Treasury security, while the loan period would extend for seven years. (Generally, longer-term Treasury securities have higher interest rates than short-term securities such as the one-year rate.) Subsidy costs are recorded in the years in which loans are made.

Under S. 1088, CBO assumes that the property would be transferred to the city of Sedona in 2000 with installment payments due to the federal government over the 2000–2006 period. Thus, both the estimated proceeds of about \$6 million and the small subsidy cost of less than \$1 million would be recorded in 2000.

Because the Forest Service would likely spend the proceeds of the land to be sold under section 4 as the city pays the installments, we estimate that over the long term the net effect on direct spending from enacting section 4 would be only the subsidy cost of the loan and the foregone permit fees.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Under the Balanced Budget Act of 1997, proceeds from nonroutine asset sales may be counted for purposes of pay-as-you-go scorekeeping only if such sales would entail no net financial cost to the government. The property sales authorized by this bill would not entail a net financial cost; therefore, the proceeds would be counted for pay-as-you-go purposes.

The net changes in direct spending are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars—										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	–8	0	2	4	2	1	1	1	0	0
Changes in receipts					Not applicable						

Estimated impact on State, local, and tribal governments: S. 1088 contains no intergovernmental mandates as defined in UMRA. Enactment of this bill would give the city of Sedona the opportunity to purchase land that it currently leases from the Forest Service. This purchase would be voluntary on the part of the city as would any amounts paid for the appraisal required by the bill. Purchasing the land would allow the city to avoid annual permit fees of about \$250,000. The bill would have no significant impact on the budgets of other local governments or on state or tribal governments.

Estimated impact on the private sector: This bill contains no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal costs: Victoria Heid Hall; Impact on State, local, and tribal governments: Marjorie Miller.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 1088.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 1088, as ordered reported.

EXECUTIVE COMMUNICATIONS

On June 30, 1999, the Committee on Energy and Natural Resources requested legislative reports from the Department of Agriculture and the Office of Management and Budget setting forth Executive agency recommendations on S. 1088. These reports had not been received at the time the report on S. 1088 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate. The testimony provided by the Forest Service at the Subcommittee hearing follows:

STATEMENT OF DENNY BSCHOR, DIRECTOR, RECREATION,
HERITAGE, AND WILDERNESS RESOURCES, FOREST SERVICE,
DEPARTMENT OF AGRICULTURE

Thank you for your invitation to testify on S. 1088, the
"Arizona National Forest Improvement Act of 1999".

S. 1088, THE ARIZONA NATIONAL FOREST IMPROVEMENT ACT
OF 1999

The Administration supports S. 1088, the "Arizona National Forest Improvement Act of 1999". This legislation would allow for the sale or exchange of administrative sites on national forests in the State of Arizona. The bill would allow for the consolidation of existing administrative sites, or the acquisition or construction of new administrative sites.

The legislation also allows the Forest Service to convey approximately 300 acres to the City of Sedona for a wastewater treatment facility. The conveyance would be at fair market value, paid in installments with interest, over seven years. This legislation allows the Forest Service to assist the local community in their efforts to provide a wastewater treatment facility, while obtaining a fair return to the taxpayers for the disposal of national forest land.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 1088, as ordered reported.